

COMMONWEALTH OF VIRGINIA

Office of the Governor

February 28, 2009

TO THE MEMBERS OF THE GENERAL ASSEMBLY OF VIRGINIA:

This has been the most challenging of the four regular General Assembly sessions of my term. The national economic slump has affected every state, and while Virginia has been proactive in our response, we have not been untouched. When we began this session just over six weeks ago, we faced a shortfall of nearly \$3 billion, and during the session, the end-of-year receipts made us revise revenue downward another \$800 million. The new forecast calls for a general fund revenue decline of 7.2 percent – the steepest one year decline in our history.

As Virginians always do in a crisis, we have worked together to solve our common problems. We have passed a balanced budget that strives to protect Virginia's core priorities.

We've used the challenges of reduced revenues to focus on the things that are most important. In education, we've begun a process of reform that will contain the rising costs of administration and direct more resources to classroom instruction.

We have avoided the temptation to withdraw and become overly cautious during a crisis. Together, we are continuing to invest to create jobs by expediting job-creating construction projects, acting to bring new businesses to Virginia, and helping existing Virginia businesses expand.

We have maintained protections for the most vulnerable Virginians by not reducing Medicaid eligibility and by continuing to invest in public safety.

We have taken fiscally responsible steps, throughout this crisis and particularly this session, to address the revenue shortfall through real cuts rather than one-time approaches.

In addition to the budget, you have passed important legislation in several areas.

You encouraged better energy efficiency and greater use of renewable energy. You raised Virginia's renewable portfolio standard and refined our biofuels program to give greater incentives to biofuels that don't compete with food supplies.

You protected Virginians from dangerous second-hand smoke by passing a ban on smoking in restaurants.

And you continued our four-year efforts to promote smart land use and transportation planning by strengthening the Office of Intermodal Planning and Investment, giving more authority and flexibility to the Department of Rail and Public Transit, and by allowing local governments to take more control over their own roads.

We have been fortunate in this economic crisis to have a partner in Washington who understands the economic pressure our citizens and our government are facing. President Obama's stimulus package has enabled us to avoid what would have been devastating additional cuts to the budget – potential additional state and local layoffs numbering in the thousands and cuts to education and public safety.

The President's stimulus package, including both tax cuts for struggling families and new investments to spur construction and create jobs, helps us in the short term effort to balance this biennial budget and in the long term goal of getting our economy moving again.

Virginia is the first state to have passed a budget since the creation of the economic stimulus package, and as is often the case, Virginia will serve as a model for the states that follow.

You have included some uses of the stimulus in the budget you approved today and I reiterate my pledge to work closely with you as more of the rules concerning the stimulus money become clear.

I congratulate you on the conclusion of a challenging session and look forward to your reconvening in April.

Sincerely,

Timothy M. Kaine  
Governor